

NOTICE TO CUSTOMERS OF
KENTUCKY UTILITIES COMPANY

PLEASE TAKE NOTICE that on July 29, 2008, Kentucky Utilities Company filed with the Kentucky Public Service Commission a request for an adjustment of its rates and charges to become effective on and after September 1, 2008.

Kentucky Utilities Company proposes the following new tariffs and/or charges: Retail Transmission Service Rate RTS, Lighting Energy Service Rate LE, Traffic Energy Service Rate TE, Supplemental /Standby Service Rate SS, Meter Pulse Charge, Meter Processing Charge, and a Late Payment Charge.

With this filing, KU proposes to charge a Late Payment fee, applicable to the following rates: Residential Rate RS, Volunteer Fire Department Rate VFD, General Service Rate GS, All Electric School Rate AES, Proposed Power Service Rate PS, Proposed Time-of-Day Service Rate TOD, Proposed Large Time-of-Day Service Rate LTOD, Proposed Retail Transmission Service Rate RTS, and Proposed Industrial Service Rate IS. KU's due date for bills will remain 10 days from date of bill; however, the Late Payment Charge will be applied if the bill is paid more than five (5) days after the bill due date. The Late Payment Charge will be 5% of a bill's net charges (including net minimum bills when applicable) for the following rate schedules: Rate RS, Rate VFD, and Rate GS. The Late Payment Charge will be 1% of a bill's net charges (including net minimum bills when applicable) for the following rate schedules: Rate PS, Rate TOD, LTOD, Rate RTS, and Rate IS.

In addition, Kentucky Utilities Company proposes to change the text of the following electric tariffs: Residential Rate RS, Volunteer Fire Department Rate VFD, General Service Rate GS, All Electric School Rate AES, Large Power Service Rate LP, Large Commercial/Industrial Time-of-Day Service Rate LCI-TOD, Large Industrial Time-of-Day Service Rate LI-TOD, Small Time-of-Day Service Rate STOD, Street Lighting Service Rate ST. LT, Private Outdoor Lighting Rate P.O.LT, Net Metering Service Rate NMS, Curtailable Service Rider 3 Rate CSR3, Excess Facilities Rate EF, Temporary and/or Seasonal Service Rider TS, Demand Side Management Cost Recovery Mechanism DSM, and Environmental Cost Recovery Surcharge ECR.

In addition to the foregoing proposed changes in rates and text, KU is proposing numerous changes in the terms and conditions of providing service to its customers. These changes include, but are not limited to, the scope, applicability of service, and rate structure for each of the rate schedules and classes identified above. The changes also include numerous substantive, form or both changes to the terms and conditions for providing services to every customer class. These changes, if approved, may, among other changes, cause certain customers presently served under the General Service, Mining and Public Lighting classes to be assigned to a more appropriate rate schedule which reflects their load and operating characteristics, nature of the use, quality and quantity of service used, time when used, purpose for which used and other reasonable considerations.

Copies of the proposed tariffs containing text changes may be obtained by contacting Lonnie E. Bellar, Kentucky Utilities Company at 220 West Main Street, Louisville, Kentucky, 502-627-4830.

The foregoing rates reflect a proposed annual increase in revenues of approximately 2.0% to Kentucky Utilities Company.

The estimated amount of the annual increase, or decrease, per customer class is as follows: Residential: \$17,329,356, 4.27%; General Service: \$446,784, 0.32%; Large Power: \$(70,621), (0.02)%; Large Commercial/Industrial Time-of-Day: \$(38,022), (0.02)%; Small Time-of-Day: \$88,707, 0.92%; Mine Power: \$675,586, 6.32%; Large Mine Power Time of Day: \$34,295, 0.19%; Lighting: \$785,809, 4.22%.

The average monthly bill for each customer class to which the proposed electric rates will apply will increase, or decrease, approximately as follows: Residential: \$3.50, 4.27%; General Service: \$0.48, 0.32%; Large Power: \$(0.63), (0.02)%; Large Commercial/Industrial Time-of-Day: \$(69.77), (0.02)%; Small Time of Day: \$139.48, 0.92%; Mine Power: \$1,387.24, 6.32%; Large Mine Power: \$283.43, 0.19%; Lighting: \$0.40, 4.22%.

The filing of KU's base rate application will cause the Value Delivery Team ("VDT") Surcredit Tariff and associated billing credits to be withdrawn from service effective August 1, 2008, pursuant to the Commission's March 24, 2006 Order in Case No. 2005-00351. The VDT Surcredit is a 0.293% monthly credit to customers' bills. In its base rate application, KU is proposing to include all savings associated with the VDT initiative in the calculation of its proposed base rates. When the new base rates become effective, customers should receive the benefit of all, including the shareholders' portion, of these savings through base rates.

The filing of KU's base rate application will also cause the Merger Surcredit Rider ("MSR") Tariff and associated billing credits to be withdrawn from service effective with the change in base rates pursuant to the Commission's June 26, 2008 Order in Case No. 2007-00563. The MSR Surcredit is a 0.868% monthly credit to customers' bills. In its base rate application, KU is proposing to include all MSR savings in the calculation of its proposed base rates. When the new base rates become effective, customers should receive the benefit of all, including the shareholders' portion, of these savings through base rates.

The rates contained in this notice are the rates proposed by Kentucky Utilities Company. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for customers other than the rates contained in this notice.

Notice is further given that any corporation, association, body politic or person with a substantial interest in the matter may request leave to intervene by motion within thirty (30) days after notice of the proposed rate changes is given. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky 40601, and shall set forth the grounds for the request, including the status and interest of the party. Intervention may be granted beyond the thirty (30) day period for good cause shown. Any person who has been granted intervention may obtain copies of the application and any other filing made by the utility by contacting Lonnie E. Bellar, Vice President - State Regulation and Rates, Kentucky Utilities Company, c/o E.ON U.S. LLC, 220 West Main Street, Louisville, Kentucky, 502-627-4830.

A copy of the application and testimony shall be available for public inspection at the office of Kentucky Utilities Company, 100 Quality Street, Lexington, Kentucky, or the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

A copy of this Notice and the proposed tariff, once filed, shall also be available for public inspection on Kentucky Utilities Company's Web site at www.eon-us.com.

Kentucky Utilities Company
c/o E.ON U.S. LLC
220 West Main Street
P. O. Box 32010
Louisville, Kentucky 40232
502-627-4830

Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40601
502-564-3940

RECEIVED

AUG 21 2008

PUBLIC SERVICE
COMMISSION

*Our taxes are already too high.
People are suffering*
Robt A. Rose & Ph